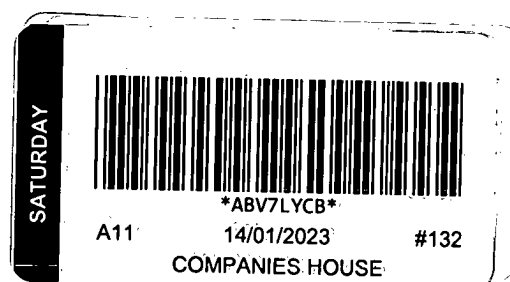


Registered number: 04261653

DCS GROUP HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2022



DCS GROUP HOLDINGS LIMITED

COMPANY INFORMATION

Directors	D C Shortt OBE M J Lorimer C P Shortt D A Shortt L R Shortt
Company secretary	J A Berry
Registered number	04261653
Registered office	Oceans House Noral Way Banbury OX16 2AA
Independent auditor	Crowe U.K. LLP Fourth Floor St James House St James Square Cheltenham GL50 3PR
Bankers	Barclays Bank plc PO Box 3333 1 Snow Hill Birmingham B4 6GN

DCS GROUP HOLDINGS LIMITED

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DCS GROUP HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2022

The directors present their report and the financial statements for the period ended 30 June 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The Company's principal activity is that of a Holding Company who rents property to its subsidiary entity.

Results and dividends

The profit for the period, after taxation, amounted to £6,074,000 (2020 - £944,000).

Dividends of £3,752,000 were paid during the year (2020- £1,128,000).

Directors

The directors who served during the period were:

D C Shortt OBE
M J Lorimer
C P Shortt
D A Shortt
L R Shortt

Future developments

Future developments are discussed within the Strategic report.

DCS GROUP HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2022

Engagement with suppliers, customers and others

The board of directors of DCS Group Holdings Limited ("DCS") consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a) of the Act) in the decisions taken during the period ended 30 June 2022 and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term,
- b) the interests of the company's employees,
- c) the need to foster the company's business relationships with suppliers, customers and others,
- d) the impact of the company's operations on the community and the environment,
- e) the desirability of the company maintaining a reputation for high standards of business conduct, and the need to act fairly as between members of the company.

DCS has for many years followed a strategy based on the Harvard Balanced Scorecard focusing on key stakeholders. This strategic model, based on customer, people, operations, finance and community has a strong alignment with the requirements in S172 of the Companies Act 2006 as detailed below:

Customers and suppliers

At DCS our primary goal is to delight our customers and suppliers and to create lifetime loyalty through excellence in everything we do. To support this strategy the company utilises the DCS Growth accelerators:

Best selling Brands – Our data shows that best selling brands drive growth
Achieving excellence – Service level of 99.5% is industry leading
Category insight – Tailored range and shopper solutions
Leading edge technology – Provide the very latest technology to enable growth
Creative marketing – Design is a mechanism for growth and innovation

Continuous growth is not achieved without focus on maintaining a reputation for excellence with both customers and suppliers. Recent advancements in utilising technology through virtual meetings, providing category thought leadership or analysing data to improve performance are focused on pushing innovation and excellence to drive growth together with our customers and suppliers.

People

The board considers our people fundamental to the delivery of the strategic plan, as such the interests of our employees are always taken into consideration in decisions and strategy. Maintaining a winning and collaborative culture is a key part of what success looks like. Each year we conduct employee surveys to obtain the views of our employees and the results of these, and the proposed actions, are utilised by the board to guide strategy development.

We recognise the importance of treating the people around us, and those we may impact, with respect but also acknowledge there are practices globally that seek to threaten human rights. DCS Group does not tolerate these practices. In relation to our supply chain activities, we have focused policies on Modern Slavery and Anti Bribery and Corruption.

Operations

The ability of DCS Group to effectively operate day to day is underpinned by the warehouse and factory operations. The board review critical success factors which measure operational performance to ensure both supplier and customer objectives are met linking different elements of the strategy. Key long term decisions around the expansion of the business involve operational consideration to ensure optimal outcomes.

DCS GROUP HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2022

In addition, the operations of the business are closely linked to the company's environmental impact. The company continues to assess its impact on the environment and develop strategies to improve with a focus on the local community, setting stretching goals around energy use and its environmental objectives. Following the planting of 30,000 trees in Banbury in 2019 the company has also supported a Honeybee project aimed at protecting their natural habitat and slowing the decline in honeybee species. In addition, DCS installed its first Solar panel array at its headquarters in Banbury with 800 panels estimated to generate over 300,000 kwh of electricity per year saving close to 100 tonnes of CO2 annually, a first step becoming more reliant on renewable energy. The board takes its environmental responsibility very seriously and is focused on achieving a carbon neutral position without buying offset credits.

Finance

DCS Group Holdings Limited is built on a strong and stable financial position reflected by its balance sheet with net assets over £5m. The board consider Barclays Bank to be a key stakeholder, with input and support on strategic decisions. DCS is proud to have grown consistently since incorporation, the board are focused on maintaining this growth trajectory but to do so will involve investment in infrastructure and innovation, the financial stability and support from stakeholders are enablers in making this a reality.

Community

As a family-owned business the Community is at the heart of our culture and we are passionate to help and support wherever we can. DCS has a long history of supporting multiple charities and in recent years DCS has supported the community through:

- Supporting local foodbanks, Trussell Trust and Banbury Community Fridge with regular donations throughout 2021 and 2022;
- Supported the newly launched UK Help for Ukraine with regular donations throughout 2022 and strategic advice to develop their website and marketing tools;
- Donated hand sanitiser to various organisations and charities;
- Sponsored our first Guide-Dog for the Blind, Barney, who is a regular visitor to DCS during his training to become a Guide Dog. The DCS Group Head of Learning & Development has also hosted mentoring and training days for the Guide Dog Association leadership team;
- Provision of both financial and non financial support to Frank Wise School in Banbury, an outstanding and inspirational community special school;
- Sponsoring local sports and numerous youth football teams;
- Paying 50% of the entrance fees for staff teams to participate in fundraising events and make regular donations to causes our staff care about.

As the Board of Directors, our intention is to behave responsibly and ensure the business is operated in a responsible manner, within the high standards of business conduct and governance expected for a business such as ours. The board keep in close contact with all its stakeholders and whether it be employees, customers, suppliers, partners or the local community, the directors consider themselves fully accountable to stakeholders in the decisions made to drive the business forward.

DCS GROUP HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2022

Streamlined Energy and Carbon Reporting (SECR)

DCS Group Holdings Ltd is required by law to report on the business' annual energy use, greenhouse gas emissions and energy efficiency actions taken. DCS is committed to reducing the carbon emissions produced from the assets the company owns and operates while working with its supply chain and subcontractors to meet wider environmental targets. Noted below are some of the actions the company has taken to support this ambition:

- DCS Group has maintained its ISO 14001 certification, allowing the company to minimise its impact on the environment and optimise its environmental outputs through a framework that helps to identify environmental risks. It maps out companywide, strategic objectives and align them with goals and outcomes that are environmentally sustainable;
- DCS Manufacturing is proactive in sustainable manufacturing practices and leading the change to make sustainable palm oil the norm in production methods. DCS Group are members of the Roundtable on Sustainable Palm Oil;
- Increased our ability to monitor energy usage through technology;
- Installed solar panels, which will save an estimated 100 tonnes of CO2 emissions annually;
- Installed energy and waste efficient machinery as part of the investment in the company's new manufacturing facility in Redditch and the companies Banbury expansion project which was completed in 2022;
- DCS group are a member of the European Recycling Platform;
- Invested in both EV and Hybrid vehicles within the DCS fleet;
- Increased video conferencing technology for staff meetings;
- Established sustainable IT practices including the development of processes to reduce paper consumption and consider energy consumption for all IT purchasing decisions. End of life IT equipment is donated to charity or green recycling;
- Supported a Honeybee project aimed at protecting their natural habitat;
- Planted 30,000 trees in the local community and is Forestry Stewardship Council Certified. FSC are the leader in sustainable forest management, operating the world's most rigorous and trusted forest certification system. The "check tree" label verifies sustainable sourcing from the forest to store shelves;
- Establishment of a company-wide environmental committee, including three members of staff with Institute of Environmental Management (IEMA) membership. Continued to promote environmental awareness amongst employees and suppliers;
- We have followed the GHG reporting protocol – corporate standard to calculate associated greenhouse gases.

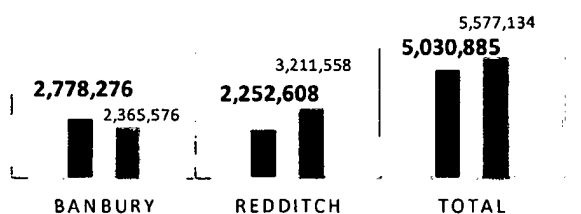
The intensity ratio based on tonnes of CO2e per employee is 2.48 (2020: 2.98).

The total consumption (kWh) and emissions (tCO2e) for energy supplies reportable by the Group are as follows (2020 figures in grey). Note: the current period covers 18 months, the previous period is 12 months.

DCS GROUP HOLDINGS LIMITED






DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2022

Energy Consumption (kWh)



Emissions (tCO₂e)



					
	GAS	ELECTRICITY	BURNING OIL	DIESEL + GAS OIL	TRANSPORT FUEL
Banbury (kWh)	339,266	1,716,628	43,657	378,129	312,665
2020	222,263	1,224,861	31,229	650,084	237,138
Redditch (kWh)	478,065	1,770,246		4,297	
2020	1,868,692	1,157,148	-	75,301	
Total (kWh)	817,331	3,486,874	43,657	382,426	312,665
2020	2,090,955	2,382,009	31,229	725,385	237,138

Matters covered in the Strategic report

Under s414C(11), the strategic report contains a fair review of the business, the principal risks and uncertainties faced by the business; and the key financial and non-financial performance indicators as considered by the board of directors. This information is therefore excluded from the Directors' report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

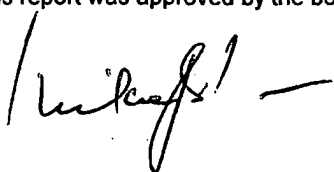
Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

DCS GROUP HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2022**

This report was approved by the board on 11 January 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'M J Lorimer', followed by a horizontal line.

M J Lorimer
CEO

DCS GROUP HOLDINGS LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 30 JUNE 2022

Introduction

The directors present their Strategic report for the year ended 30 June 2022 for DCS Group Holdings Limited.

Business review

The company continues to own the property at Noral way, Banbury.

The company acted as a lessor to its subsidiary company, DCS Group (UK) Limited during the year. It is the directors' opinion that this arrangement will not change in the foreseeable future.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

Risks are formally reviewed by the board and appropriate processes put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the company. The principal business risks affecting the company are set out below.

Interest rate risk: the company is part funded via a loan secured on the freehold property owned by the company. Interest is payable on this loan, as disclosed in notes 15 and 16, is linked to the LIBOR rate. The directors monitor this to ensure cash flow demands are met for the repayment of the loan.

Property market: covenants attached to the loan consider the loan to value (LTV) ratio of the freehold property, to which it is secured upon. The directors monitor the general property market conditions and maintain correspondence with the bank to ensure LTV covenants are met.

Financial key performance indicators

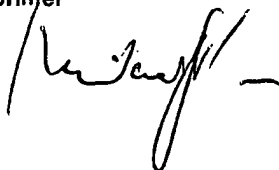
The board monitors the progress on the overall company's strategy and the individual strategic elements by reference to the monthly management accounts.

Due to the nature of the business the directors have identified the net assets of the company to provide the most appropriate KPI.

The company had net assets at the year end of £5,293,000 (2020: £2,971,000).

This report was approved by the board on 11 January 2023 and signed on its behalf by:

M J Lorimer
CEO



DCS GROUP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DCS GROUP HOLDINGS LIMITED

Opinion

We have audited the financial statements of DCS Group Holdings Limited (the 'company') for the period ended 30 June 2022, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice):

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

DCS GROUP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DCS GROUP HOLDINGS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

DCS GROUP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DCS GROUP HOLDINGS LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and completeness of income. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases and designing audit procedures to test the timing of income.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

DCS GROUP HOLDINGS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DCS GROUP HOLDINGS LIMITED
(CONTINUED)**



Chris Mould (Senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

Fourth Floor
St James House
St James Square
Cheltenham
GL50 3PR

Date: 12 January 2023

DCS GROUP HOLDINGS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2022**

	Note	18 months to 30 June 2022 £000	12 months to 31 December 2020 £000
Turnover	4	560	485
Gross profit		560	485
Administrative expenses		(602)	(387)
Other operating income	5	2,890	-
Operating profit	6	2,848	98
Income from shares in group undertakings		3,752	1,128
Interest payable and similar expenses	9	(298)	(213)
Profit before tax		6,302	1,013
Tax on profit	10	(228)	(69)
Profit for the financial period		6,074	944
Other comprehensive income for the period			
Total comprehensive income for the period		6,074	944

There were no recognised gains and losses for 2022 or 2020 other than those included in the statement of comprehensive income.

The notes on pages 15 to 27 form part of these financial statements.

DCS GROUP HOLDINGS LIMITED
REGISTERED NUMBER: 04261653

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

		30 June 2022 £000	31 December 2020 £000
	Note		
Fixed assets			
Tangible assets	12	22,435	17,255
Investments	13	50	50
		<u>22,485</u>	<u>17,305</u>
Current assets			
Debtors: amounts falling due within one year	14	1,158	128
		<u>1,158</u>	<u>128</u>
Creditors: amounts falling due within one year	15	(11,121)	(12,410)
Net current liabilities		<u>(9,963)</u>	<u>(12,282)</u>
Total assets less current liabilities		<u>12,522</u>	<u>5,023</u>
Creditors: amounts falling due after more than one year	16	(6,440)	(1,500)
Provisions for liabilities			
Deferred tax	18	(789)	(552)
		<u>(789)</u>	<u>(552)</u>
Net assets		<u><u>5,293</u></u>	<u><u>2,971</u></u>
Capital and reserves			
Called up share capital		42	42
Capital redemption reserve	21	8	8
Profit and loss account	21	5,243	2,921
		<u><u>5,293</u></u>	<u><u>2,971</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 January 2023.

M.J Lorimer
CEO



The notes on pages 15 to 27 form part of these financial statements.

DCS GROUP HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2022

	Share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2020	42	8	3,105	3,155
Comprehensive income for the year				
Profit for the year	-	-	944	944
Total comprehensive income for the year	-	-	944	944
Dividends	-	-	(1,128)	(1,128)
At 1 January 2021	42	8	2,921	2,971
Comprehensive income for the period				
Profit for the period	-	-	6,074	6,074
Total comprehensive income for the period	-	-	6,074	6,074
Dividends	-	-	(3,752)	(3,752)
At 30 June 2022	42	8	5,243	5,293

DCS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

1. COMPANY INFORMATION

DCS Group Holdings Limited is a private company limited by shares, incorporated and domiciled in the UK. The address of its registered office is Oceans House, Noral Way, Banbury, OX16 2AA. The company is registered at Companies House England and Wales. Its registered number is 04261653.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

During the financial period DCS Group Holdings Limited lengthened its accounting period from 31 December to 30 June in order to align more with the cyclical operations of the business. DCS Group Holdings Limited has the legal authority to lengthen its year end in line with its articles of association. As such, these financial statements are prepared for the 18 month period from 1 January 2020 to 30 June 2022 and are not directly comparable to the previous years results.

The financial statements contain information about DCS Group Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt by virtue of Section 400 of the Companies Act 2006, from the requirement to prepare group financial statements. Results of the entity are included within the consolidated financial statements of DCS Inc Limited.

2.2 REDUCED DISCLOSURE EXEMPTIONS FOR SUBSIDIARIES

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objections to, the use of exemptions by the company's shareholder and immediate parent (see note 22).

The company has taken advantage of the following exemptions:

No statement of cash flows has been presented, as the wholly owned subsidiary is included in the consolidated financial statements of the group.

Disclosures in respect of the company's financial instruments have not been presented as equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

Related party transactions have not been disclosed with other wholly owned members of the group.

2.3 GOING CONCERN

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate liquid resources and banking facilities available to them to continue in operational existence for a period of no less than 12 months from the date of this report. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

2.4 TURNOVER

Turnover comprises rental income earned by the company during the year, exclusive of Value Added Tax recognised on a straight line basis over the period to which it relates.

DCS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

2. ACCOUNTING POLICIES (continued)

2.5 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-	2%
Fixtures & fittings	-	10%
Office equipment	-	25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 DEBTORS

Short term debtors are measured at transaction price, less any impairment.

2.8 CREDITORS

Short term creditors are measured at the transaction price.

2.9 FINANCIAL INSTRUMENTS

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

Basic financial assets and liabilities that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

DCS GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

2. ACCOUNTING POLICIES (continued)

2.10 FINANCE COSTS

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.11 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.12 CURRENT AND DEFERRED TAXATION

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

DCS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

**3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The items in the financial statements where these estimates and judgements have been made include the following:

3.1 USEFUL ECONOMIC LIVES OF TANGIBLE FIXED ASSETS

The annual depreciation charge for the tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the fixed assets and note 2.5 for the useful lives for each class of assets.

4. Turnover

An analysis of turnover by class of business is as follows:

	18 months to 30 June 2022 £000	12 months to 31 December 2020 £000
Rent receivable	560	485

All turnover arose within the United Kingdom.

5. Other operating income

	18 months to 30 June 2022 £000	12 months to 31 December 2020 £000
Profit on disposal of fixed assets	2,890	-

DCS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

6. Operating profit

The operating profit is stated after charging:

	18 months to 30 June 2022 £000	12 months to 31 December 2020 £000
Depreciation of tangible fixed assets	572	351

7. Auditor's remuneration

	18 months to 30 June 2022 £000	12 months to 31 December 2020 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	3	3
	-	-

8. Employees

Staff costs were as follows:

The Company has no employees other than the directors, who did not receive any remuneration (2020 - £NIL).

9. Interest payable and similar expenses

	18 months to 30 June 2022 £000	12 months to 31 December 2020 £000
Bank interest payable	298	213

DCS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

10. Taxation

	18 months to 30 June 2022 £000	12 months to 31 December 2020 £000
Corporation tax		
Current tax on profits for the year	-	13
Adjustments in respect of previous periods	(9)	-
	<u>(9)</u>	<u>13</u>
Total current tax	<u>(9)</u>	<u>13</u>
Deferred tax		
Origination and reversal of timing differences	62	56
Changes to tax rates	175	-
	<u>237</u>	<u>56</u>
Total deferred tax	<u>237</u>	<u>56</u>
Taxation on profit on ordinary activities	<u>228</u>	<u>69</u>

DCS GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

10. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2020 - *lower than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	18 months to 30 June 2022 £000	12 months to 31 December 2020 £000
Profit on ordinary activities before tax	6,302	1,013
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	1,197	192
Effects of:		
Fixed asset timing differences	(675)	50
Adjustments to tax charge in respect of prior periods	(9)	-
Dividends from UK companies	(713)	(214)
Other tax adjustments, reliefs and transfers	236	28
Remeasurement of deferred tax for changes in tax rates	190	-
Deferred tax not recognised	2	13
Total tax charge for the period/year	228	69

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Dividends

	30 June 2022 £000	31 December 2020 £000
Dividends paid	3,752	1,128

DCS GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

12. Tangible fixed assets

	Freehold property £000	Fixtures & fittings £000	Office equipment £000	Total £000
Cost or valuation				
At 1 January 2021	17,000	1,202	92	18,294
Transfers intra group	6,533	53	-	6,586
Disposals	(949)	-	-	(949)
At 30 June 2022	22,584	1,255	92	23,931
Depreciation				
At 1 January 2021	666	304	69	1,039
Charge for the period on owned assets	368	181	23	572
Disposals	(115)	-	-	(115)
At 30 June 2022	919	485	92	1,496
Net book value				
At 30 June 2022	21,665	770	-	22,435
At 31 December 2020	16,334	898	23	17,255

The net book value of land and buildings may be further analysed as follows:

	30 June 2022 £000	31 December 2020 £000
Freehold	21,665	16,334

DCS Group Holdings Limited acts as a lessor for its subsidiary company. The opening cost of freehold property is held for use in operating leases and it is estimated that around £4.7m in relation to the property held at Noral Way relates to land and is not depreciated.

DCS GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

13. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2021	50
At 30 June 2022	50

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Registered office	Class of shares	Holding
DCS Group UK Limited	Oceans House, Noral Way, Banbury, OC16 2AA	Ordinary	100%

14. Debtors

	30 June 2022 £000	31 December 2020 £000
Other debtors	946	126
Prepayments and accrued income	212	2
	<u>1,158</u>	<u>128</u>

DCS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

15. Creditors: Amounts falling due within one year

	30 June 2022 £000	31 December 2020 £000
Bank loans	780	6,667
Amounts owed to group undertakings	10,327	5,692
Corporation tax	-	21
Accruals and deferred income	14	30
	<u>11,121</u>	<u>12,410</u>

The bank loan is secured by way of a cross guarantee (See Note 20). The bank has fixed and floating charges over the Company's assets including the freehold property at Noral Way, Banbury.

16. Creditors: Amounts falling due after more than one year

	30 June 2022 £000	31 December 2020 £000
Bank loans	6,440	1,500
	<u>6,440</u>	<u>1,500</u>

Other security

The bank loan is secured by way of a cross guarantee (See Note 23). The bank has fixed and floating charges over the Company's assets including the freehold property at Noral Way, Banbury.

DCS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

17. Loans

Analysis of the maturity of loans is given below:

	30 June 2022 £000	31 December 2020 £000
Amounts falling due within one year		
Bank loans	780	6,667
	<u>780</u>	<u>6,667</u>
Amounts falling due 1-2 years		
Bank loans	780	1,500
	<u>780</u>	<u>1,500</u>
Amounts falling due 2-5 years		
Bank loans	5,660	-
	<u>5,660</u>	<u>-</u>
	<u>7,220</u>	<u>8,167</u>

DCS GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

18. Deferred taxation

	2022 £000
At beginning of year	(552)
Charged to profit or loss	(237)
At end of year	<u>(789)</u>

The provision for deferred taxation is made up as follows:

	30 June 2022 £000	31 December 2020 £000
Accelerated capital allowances	(946)	(552)
Losses and other deductions	157	-
	<u>(789)</u>	<u>(552)</u>

19. Share capital

	30 June 2022 £	31 December 2020 £
Allotted, called up and fully paid		
415,000 (2020: 415,000) Ordinary shares of £0.10 each	<u>42</u>	<u>42</u>

20. Contingent liabilities

The company is party to a cross guarantee given to the group's bankers and as such there is a contingent liability at the balance sheet date for the bank borrowing of all group undertakings. At 30 June 2022 this amounted to £7m (2020 - £7m).

DCS GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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21. RESERVES

Capital redemption reserve

Includes all current and prior year transfers relating to the redemption or purchase of the company's shares.

Profit & loss account

Includes all current and prior year retained profits and losses.

22. Related party transactions

The company has taken advantage of the exemption available under FRS 102 section 33.1A from disclosing transactions with entities that are wholly owned within the group.

23. Controlling party

The parent undertaking of the smallest and largest group for which consolidated financial statements are prepared is DCS Inc Limited. A copy of this company's consolidated financial statements is available from Companies House, Cardiff.